

HOUSE BILL No. 1605

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Job training tax credit. Establishes a one year pilot program in St. Joseph County that provides income tax credits for training programs provided by or paid for by employers for their employees. Limits the credit to \$500 per employee and to \$250,000 for all taxpayers.

Effective: January 1, 2000.

Mangus

January 21, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1605

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2000]:

4 **Chapter 20. Work Based Learning Credit**

5 **Sec. 1. This chapter applies to taxpayers that have a business**
6 **situs in a county having a population of more than two hundred**
7 **thousand (200,000) but less than three hundred thousand (300,000).**

8 **Sec. 2. As used in this chapter, "pass through entity" means:**

9 (1) a corporation that is exempt from the adjusted gross
10 income tax under IC 6-3-2-2.8(2); or

11 (2) a partnership.

12 **Sec. 3. As used in this chapter, "state tax liability" means the**
13 **taxpayer's total tax liability that is incurred under:**

14 (1) IC 6-2.1 (the gross income tax);

15 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

16 or

17 (3) IC 6-3-8 (the supplemental net income tax);



as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 4. As used in this chapter, "taxpayer" means an employer of individuals in the county that has a state tax liability.

Sec. 5. "Work based learning" means any type of instruction to an individual that enables the individual to acquire vocational skills or obtain a general educational development (GED) diploma that will lead to a higher wage or grade of employment.

Sec. 6. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for the taxable year beginning in 2000, if the taxpayer pays for work based learning for an employee at a program approved under this chapter during the taxable year.

(b) The credit is limited to the lesser of:

- (1) the expenditure made; or
- (2) five hundred dollars (\$500) for each employee successfully completing the program.

Sec. 7. The department of workforce development shall adopt rules to provide for the following:

- (1) Program standards and a process for program approval.
- (2) A requirement that a program be approved by a school corporation in a vocational region in which the training will occur.
- (3) A requirement that a program focus on providing vocational skills or obtaining a GED that will lead to participating individuals receiving a higher wage or grade of employment at an individual's current employer.
- (4) A procedure by which the employer and employee are able to certify the amount spent on the training program for the employee and the successful completion of the program by the employee.
- (5) Additional criteria consistent with subdivisions (1) through (4) that the department of workforce development finds are necessary to achieve the goals of this section.

Sec. 8. (a) A taxpayer that desires to claim a tax credit as provided in this chapter shall file with the department, in the form that the department may prescribe, an application stating the amount of the work based learning expenditure it proposes to make that would qualify for a tax credit, and the amount sought to be claimed as a credit. The application must include a certificate evidencing approval of the program by the department of workforce development.



(b) The department shall promptly notify an applicant whether, or the extent to which, the tax credit is allowable in the taxable year for which the application is filed. If the credit is allowable for that taxable year, the applicant shall within thirty (30) days after receipt of the notice file with the department of state revenue a statement, in the form and accompanied by the proof of payment as the department may prescribe, setting forth that the amount to be claimed as a credit under this chapter has been paid for work based learning at a qualified program or permanently set aside in a special account to be used solely for that purpose.

(c) The department may disallow any credit claimed under this chapter for which the statement or proof of payment is not filed within the thirty (30) day period.

Sec. 9. (a) The amount of tax credits allowed under this chapter may not exceed two hundred fifty thousand dollars (\$250,000) for all taxpayers.

(b) The department shall record the time of filing of each application for allowance of a credit required under section 8 of this chapter and shall approve the applications, if they otherwise qualify for a tax credit under this chapter, in the chronological order in which the applications are filed in the state fiscal year.

(c) When the total credits approved under this section equal the maximum amount allowable, no application filed later may be approved. However, if any applicant for whom a credit has been approved fails to file the statement of proof of payment required under section 8 of this chapter, an amount equal to the credit previously allowed or set aside for the applicant may be allowed to any subsequent applicant in the year.

Sec. 10. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this



chapter.

Sec. 11. (a) If the credit under this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may not carry the excess over to the immediately following taxable years.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 12. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 13. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 14. This chapter expires July 1, 2001.

SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3.1-20, as added by this act, applies only to taxable years beginning in 2000.

